

SB 5547 - S AMD 229
By Senator Benton

NOT CONSIDERED 05/25/2011

1
2 Strike everything after the enacting clause and insert the
3 following:

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5 **"Sec. 1.** RCW 31.45.073 and 2009 c 510 s 3 are each amended to
6 read as follows:

7 (1) No licensee may engage in the business of making small loans
8 without first obtaining a small loan endorsement to its license from
9 the director in accordance with this chapter. An endorsement will be
10 required for each location where a licensee engages in the business of
11 making small loans, but a small loan endorsement may authorize a
12 licensee to make small loans at a location different than the licensed
13 locations where it cashes or sells checks. A licensee may have more
14 than one endorsement.

15 (2) A licensee must set the due date of a small loan on or after
16 the date of the borrower's next pay date. If a borrower's next pay
17 date is within seven days of taking out the loan, a licensee must set
18 the due date of a small loan on or after the borrower's second pay
19 date after the date the small loan is made. The termination date of a
20 small loan may not exceed the origination date of that same small loan
21 by more than forty-five days, including weekends and holidays, unless
22 the term of the loan is extended by agreement of both the borrower and
23 the licensee and no additional fee or interest is charged. The
24 maximum principal amount of any small loan, or the outstanding
25 principal balances of all small loans made by all licensees to a
26 single borrower at any one time, may not exceed seven hundred dollars
27 or thirty percent of the gross monthly income of the borrower,

1 whichever is lower. A licensee is prohibited from making a small loan
2 to a borrower who is in default on another small loan until after that
3 loan is paid in full or two years have passed from the origination
4 date of the small loan, whichever occurs first.

5 (3) A licensee is prohibited from making a small loan to a
6 borrower in an installment plan with any licensee until after the plan
7 is paid in full or two years have passed from the origination date of
8 the installment plan, whichever occurs first.

9 (4) A borrower is prohibited from receiving more than (~~eight~~)
10 sixteen small loans from all licensees in any twelve-month period. A
11 licensee is prohibited from making a small loan to a borrower if
12 making that small loan would result in a borrower receiving more than
13 (~~eight~~) sixteen small loans from all licensees in any twelve-month
14 period.

15 (5) A licensee that has obtained the required small loan
16 endorsement may charge interest or fees for small loans not to exceed
17 in the aggregate fifteen percent of the first five hundred dollars of
18 principal. If the principal exceeds five hundred dollars, a licensee
19 may charge interest or fees not to exceed in the aggregate ten percent
20 of that portion of the principal in excess of five hundred dollars.
21 If a licensee makes more than one loan to a single borrower, and the
22 aggregated principal of all loans made to that borrower exceeds five
23 hundred dollars at any one time, the licensee may charge interest or
24 fees not to exceed in the aggregate ten percent on that portion of the
25 aggregated principal of all loans at any one time that is in excess of
26 five hundred dollars. The director may determine by rule which fees,
27 if any, are not subject to the interest or fee limitations described
28 in this section. It is a violation of this chapter for any licensee
29 to knowingly loan to a single borrower at any one time, in a single
30 loan or in the aggregate, more than the maximum principal amount
31 described in this section.

32 (6) In connection with making a small loan, a licensee may advance
33 moneys on the security of a postdated check. The licensee may not
34 accept any other property, title to property, or other evidence of

1 ownership of property as collateral for a small loan. The licensee
2 may accept only one postdated check per loan as security for the loan.
3 A licensee may permit a borrower to redeem a postdated check with a
4 payment of cash or the equivalent of cash. The licensee may disburse
5 the proceeds of a small loan in cash, in the form of a check, or in
6 the form of the electronic equivalent of cash or a check.

7 (7) No person may at any time cash or advance any moneys on a
8 postdated check or draft in excess of the amount of goods or services
9 purchased without first obtaining a small loan endorsement to a check
10 casher or check seller license."

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16 On page 1, line 1 of the title, after "Relating to", strike
17 "removing" and insert "raising"

EFFECT: Places a cap of 16 small loans in a 12-month period.

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